Const Polit Econ (2009) 20:251–266
DOI 10.1007/s10602-008-9065-1

ORIGINAL PAPER

Some thoughts about referendums, representative democracy, and separation of powers

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Published online: 25 November 2008

Abstract Referendums have experienced some sort of a comeback. Citizen involvement in political decisions is seen increasingly as a healthy add-on in democratic polities. While earlier writers on democratic theory often saw a danger in increased participation of citizens, more recently several authors suggest that this participation should be fostered. I argue in this paper that both sides in the debate neglect important aspects of referendums. Discussing whether direct participation by the citizens is a good or bad thing addresses only half the story. More precisely, we have to get a better idea about how referendums interact with the traditional institutions of representative democracy.

Keywords Referendums · Political institutions · Policy effects of referendums

JEL Classification D02 · H11

1 Introduction

Over the last few years referendums[1] have experienced a comeback at several levels. On the practical side referendums have increased in frequency "around the world" (Butler and Ranney 1994b), and several newly adopted constitutions, e.g., in some East European (Brady and Kaplan 1994; White and Hill 1996) and Latin American countries (Altman 2005), comprise provisions for popular consultation. At the scholarly level, the last few years have seen the publication of numerous

[1] Following Butler and Ranney (1994a, b) I use the term referendum to cover all instances where citizens vote on specific policies.

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books and studies on referendums (e.g., Suksi 1993; Butler and Ranney 1994b; Caciagli and Uleri 1994; Luthardt 1994; Möckli 1994; Hamon 1995; Gallagher and Uleri 1996; Gerber 1999; Kirchgässner et al. 1999; Setälä 1999; Broder 2000; Sabato et al. 2001; Qvortrup 2002; Walker 2003; Matsusaka 2004).[2] Finally, politicians and scholars alike have recently proposed referendums to mend all sorts of problems. From Barber (1984) over Dahl (1989) to Budge (1996) authors have seen possibilities in the new informational technologies for direct consultation of the citizens on policy choices. Similarly, in the realm of the European integration project several politicians and researchers have suggested that pan-European referendums might reduce the often decried "democratic deficit" in the European Union (EU) (Zürn 1996; Abromeit 1998; Schmitter 2000).[3]

While recent research continues to shed new light on the working of referendums, I argue in this paper that so far we fail to have a sufficient understanding of these institutions to engage in grandiose proposals for extending their use. More precisely, so far little research has addressed the issue how referendums affect the representative governments that prevail in all democratic states around the world. My contention is that this poor state of research on referendums is largely due to persistent flaws in the debate on the usefulness of direct participation of citizens in policy choices. Proponents of referendums fail to address convincingly the interactions referendums create between the representative system and the elements of direct citizen participation. Often they see referendums as simply ensuring that the "will of the citizens" is respected.[4] Opponents, on the other hand, persist in rejecting referendums as if the alternatives would be direct democracy[5] and representative government. Similarly, they continue to invoke the incapability of citizens to make meaningful policy choices, while not noticing that this critique also questions the basis of representative democracy.

The aim of this paper is twofold. First, I would like to demonstrate that the ongoing debate about the usefulness or the detrimental effects of referendums is largely flawed. With their arguments both sides largely miss the crucial point, namely that the fundamental choice has to be between a pure representative system and a similar system combined with referendums. Second and based on this argument, I would like to highlight the implications of such a reorientation of this debate for the research agenda on referendums. The interaction between specific representative systems and the various types of referendums will be of predominant importance.

[2] Lupia and Matsusaka (2004) provide a very well crafted review of the literature. See also Matsusaka (2005a, b).

[3] For an overview see Hug (2002).

[4] Riker (1983) offers a thorough critique of this view.

[5] I use the term direct democracy in its original sense as the opposite of representative democracy. Consequently, in a direct democracy representative institutions do not exist. This is quite different to Budge's (1993, p. 137), re-definition of the term as "…a regime in which the population as a whole votes on the most important political decisions." Such a re-definition lends to confusion, since Budge's (1993, 1996) proposals include the maintenance of a representative system where elected parties can pass their programs shielded to a certain degree from the referendum process.

At the national level no direct democracy exists, while at the subnational level some "direct democracies" persist, e.g., in some Swiss cantons and in some New England townships (Cronin 1989).

I start in the next section to sketch the debate on referendums. This section also contains a discussion of the research in this field, since most proponents and opponents of these institutions rely (often selectively) on theoretical and empirical work to make their claims. In section three I discuss in more detail what both theoretical and empirical work has failed to address so far. I conclude with discussing the use of referendums in the larger frame of institutional design.

2 The debate

As Dahl (1989) convincingly argues the notion of "democracy" has undergone significant changes since its conception in Greece. His thought experiment of a Greek citizen from 500 B.C. visiting a current democracy is revealing in this regard (Dahl 1989, p. 20). Such a man (definitely not a woman) would hardly call our political systems democratic, since crucial elements, e.g., direct involvement of citizens, deliberation among them, etc., are clearly missing. The reason for this is to be found in the "second democratic transformation", which extended the idea of democracy from city-states to nation-states. With this transformation also came the system of representation, which nowadays is inseparable from the notion of democracy.[6] Even fierce critics of this liberal view of democracy (e.g., Barber 1984) acknowledge that democracy at the level of the nation-states we currently know in this world implies at least some degree of representative government.

Consequently, the debate about referendums should revolve around the question to what extent our democratic systems of representation should be and can be complemented by more direct means of citizen influence. Similarly, proposals by scholars and political observers typically attempt to add referendums to existing systems of representative democracy. And it is obviously in this context that the arguments for or against referendums have to be made and evaluated.

Interestingly, however, much of the continuing debate on referendums focuses on opposing representative democracy to referendums. Such a debate is, however, rather lopsided, irrelevant and should be reoriented toward a discussion about the respective advantages of a strictly representative democracy and a representative democracy with referendums (e.g., Uleri 1996). But this comparison hardly appears in the debate and has seldomly stimulated research on referendums.[7] Comparative research almost exclusively focuses on countries having some forms of referendums.[8] By this very character of the research designs, these studies do

[6] Manin (1997) would obviously disagree with this view by emphasizing that even in the Greek city-states representation was well known. The representatives, however, were not elected but drawn randomly from the citizenry.

[7] A recent and important exception at the theoretical level is Mueller's (1996) discussion of how different types of referendums interact with two-party and multiparty governments. I will discuss this exception, as well as Feldmann's (1995) and Hug and Tsebelis's (2002) similar approach, below.

[8] Gilland Lutz and Hug (2006), Blume et al. (2007) and Hug and Spörri (2007) offer some of the first empirical results at this level.

not allow for conclusions on how representative democracy is affected by referendums.[9]

To structure the presentation of the debate on referendums I rely on two central concepts. Distorting slightly Frey's (1996, p. 267) argument, the case for and against referendums revolves around the principles of efficiency and trust. Proponents of referendums claim that these institutional provisions foster trust among citizens and increase the efficiency of decisions. Opponents reject the first argument and claim that efficiency is higher in purely representative democracy. Despite the fact that at least one of these two notions stems from economics, I maintain that both of them subsume to a large degree the arguments in favor of and against referendums across disciplines. While both camps might feel that some violence to their subtle arguments is made, I structure my sketch of the debate according to these two notions.

2.1 Trust and referendums

Starting with the second notion, the main argument of proponents of "participatory democracy" has consistently been that participation in political decisions turns citizens into better citizens. Pateman (1970), in her detailed discussion of the several "democratic theories," extracts clearly this important argument from the writings of several theorists.[10] Barber (1984) bases his case for a "strong democracy" on exactly the same claim. While theoretically there might be some reason to believe that this is actually the case, at the empirical level the case still has to be made.[11] Few, if any studies, can demonstrate that participation by citizens in decision-making has a formative value and makes them better citizens.[12] More recently Benz and Stutzer (2004) have found some evidence that citizens that have more of a say in political decision-making appear to be better informed on politics. Similar claims appear in Tolber et al. (2003, 2005) for the case of American citizens.[13]

[9] At the subnational level research on Switzerland and the United States has been able to disentangle some of these effects. While in Switzerland the variation at the cantonal level is rather limited, this very same variation is much more important in the United States. Research by Matsusaka (1995, 2000, 2004, 2006) and Gerber (1996, 1999) illustrates this forcefully. Interestingly, despite the higher leverage of their studies these authors largely refrain from generalizing their findings to the national level. Similar restraint and degree of scientific prudence are largely absent among scholars studying the effect of referendums at the subnational level in Switzerland. Kleinewefers (1997) comes to a similar conclusion when reviewing this literature.

[10] Interestingly, authors citing Pateman (1970) consistently use her work as argument for participatory democracy. They seem happy to neglect the rather nuanced assessment of Pateman (1970), and her careful discussion of empirical material which hardly supports the idea that participation makes citizens better citizens. The literature on economic democracy is also hardly supportive of this claim (Greenberg 1981; Dahl 1985). Sartori (1962) is obviously an even fiercer critic of the underlying argument: "…one does not learn how to vote by voting."

[11] Even Putnam's (1993) controversial study of Italy leaves this question open.

[12] Frey (1996, p. 273) argues that the empirical result of higher tax-compliance in "directly democratic" cantons in Switzerland speaks in favor of this argument. The fact that the variance in "direct democracy" is very limited across cantons (e.g., Kriesi and Wisler 1996) and that this variance is also linked to the linguistic region (e.g., Feld 1996) makes this a very weak claim.

[13] These results are discussed in more detail in Smith and Tolbert (2004). In both instances, however, hardly sufficient care is given to the possible endogenous nature of referendum institutions.

The parallel and related claim that the involvement of citizens in decision-making processes leads to public deliberation approaching the "ideal discourse" (e.g., Frey and Kirchgässner 1993; Bohnet and Frey 1994; Frey 1996) is theoretically appealing. The argument is that the discussion preceding public votes changes the preferences of the individuals to reflect wider aspects of the issue at hand. These new preferences will reflect to a much larger degree the well-being of others than the individuals' self-interest. Barber (1984, p. 136f) in his argument for "strong democracy" gives an illustrative example:

> Voting suggests a group of men in a cafeteria bargaining about what they can buy as a group that will suit their individual tastes. Strong democracy politics suggests a group of men in a cafeteria contriving new menus, inventing new recipes, and experimenting with new diets in the effort to create a public taste that they can all share and that will supersede the conflicting private tastes about which they once tried to strike bargains.

Assuming that such "public tastes" exist and can be found, the argument is rather appealing.[14] Obviously, if one can assume that these "public tastes" exist; it is rather irrelevant how they will be found. If the debate before a referendum allows for the formation of such "tastes" a vote is hardly necessary. It suffices to determine the public's taste by appropriate means after the deliberation. List et al. (2006), based on work on deliberative polls, argue that deliberation at least leads to single-peaked preferences when multiple options are available in a referendum. Hence, a median-voter is well-defined and might be indicative of the public's "tastes." This interesting result, however, is obtained in a situation where the decisional pressure was rather low. As Chambers (2001) nicely alerts us, however, the benefits of deliberation often evaporate, when the decision-making moment arrives.

Given this it is questionable whether large-scale deliberations and discussions as envisioned by Frey and Kirchgässner (1993) and Budge (1996) are the most efficient means to determine the relevant "social" preferences. Baurmann and Kliemt (1993), in their comment on Frey and Kirchgässner (1993), mention briefly this point. Hence, it is rather ironic that Frey and Kirchgässner (1993) and Frey (1996) question Habermas, who theorized the notion of "ideal discourse," when he claims that a debate in the German Bundestag approximates his concept. Obviously, Habermas, more than Frey and Kirchgässner (1993) and Budge (1996) for that matter, is conscious of the limitations of large-scale deliberations.

More interesting are proposals that envision deliberation at a smaller scale. For example, Barber (1984), Dahl (1989) and Fishkin (1991) envision random selections of individuals debate and deliberate about important issues of their concern. But these are quite separate from extending the use of large-scale citizen participation. Only Dahl (1989) in his "polyarchy III," and Budge (1996) in his more extreme version see new technologies overcoming the difficulties of large-scale deliberation.[15]

[14] An interesting, related, result is presented in List et al. (2006). These authors find that in after deliberative poll (Fishkin 1991) the preferences of the participants approached much more strongly a structure allowing for single-peakedness over three options. In this context also the analyses proposed by Lupia and Johnston (2001) on the informational consequences of referendums is of relevance.

[15] I will discuss these proposals in more detail in the next section.

Few of them note that the "large-scale" they have in mind can hardly apply to a modern nation-state. Even in the realm of these proposals I doubt that it will ever be possible to demonstrate that referendums and the campaigns that precede them lead to "public tastes" and allow for an "ideal discourse."[16] Similarly, I doubt that any proponent of direct democracy would like to ground his argument only on this element of "trust."[17]

A final point which stands a bit apart, mostly because it is rather undisputed and concerns the greater legitimacy conferred to decisions reached in a public vote. I doubt that any participant in the debate would question this point, opponents would probably note that such publicly legitimized decisions are just much more likely to be misguided (e.g., Weber 1956, 1921).

2.2 Efficiency and referendums

The question of efficiency appears to be more powerful but also more controversial. Proponents of referendums rest their case on the argument that votes by citizens on policies in referendums lead automatically to policies that reflect more accurately the will of the majority. Intuitively this appears to be obvious, since voters will choose the option that they prefer. Theoretical and empirical work by Romer and Rosenthal (1978, 1979) shows, however, that referendums also create strategic possibilities for the agenda-setter, the actor who decides what will appear on the ballot. This agenda-setter can act strategically in such a way that the outcomes of referendums hardly reflect the will of the majority.[18] Most proponents of referendums will retort to this theoretical and empirical claim, that agenda-setting power should also be vested among the citizens, to avoid such distortions. This valid argument illustrates the need to clearly distinguish between different types of referendum, which influence quite consistently their efficiency (e.g., Steunenberg 1992; Mueller 1996; Hug and Tsebelis 2002; Hug 2004). In the absence of such clear distinctions the welfare implications are simply impossible to determine. Both theoretical and empirical research in this area is still very weak and hardly permits claims that referendums generally lead to more efficiency.[19]

Opponents of referendums challenge the claim for increased efficiency under referendums from another point of view. Authors from Weber (1956, 1921) over Schumpeter (1942) to Dahl (1989) and Sartori (1962, 1987) argue that citizens

[16] One should also note that empirical evidence from the American states suggests that preferences appear to change little in the course of a campaign (Gerber 1999).

[17] Barber's (1984) proposals for a strong democracy might be the exception, since he believes in the possible discovery of public tastes through deliberation. Consequently, efficiency becomes almost a side-product of the trust-forming aspects of referendums.

[18] Given that Romer and Rosenthal's (1978, 1979) work relies on a spatial model the will of the majority appears as the median-voter. Rosenthal (1990) reviews the literature on agenda-setting.

[19] Frey (1996, p. 272) argues that "…results from various countries, periods, areas and issues strongly suggest that the institutions of popular initiatives and referenda are not only preferable from the point of view of democratic theory but also from a more narrowly economic point of view." The studies he refers to cover Switzerland and the United States. In both cases the institutions examined are at the subnational level, and it is difficult to know whether these economically beneficial effects of referendums generalize to the national or supranational level (Kleinewefers 1997). Though Frey (1992) dares to suggest that the economic success of Switzerland is linked to the high number of referendums at the national level.

hardly have or can obtain the expertise to decide on complex matters that are the daily bread of politicians. According to them representative democracy solved the problem of the difficulty of large-scale discussion and the expertise necessary to decide on such matters. They assume that the competition among politicians and parties in the electoral realm is sufficient to keep them in check. Proponents of referendums, most recently Budge (1996) and Mueller (1996, p. 189), make the convincing argument that this claim is groundless. Why should citizens be able to hold politicians accountable in informed electoral decisions, if they are unable to decide adequately on specific policy issues. At the outset it might prove to be more difficult to reach a decision in an election than in a referendum. Downs (1957) made a convincing argument for the presence of ideological shortcuts in elections, and similar shortcuts are just as viable in referendums (e.g., Lupia 1994; Christin et al. 2002; Kriesi 2005).

The discussion around the efficiency relies heavily on the notion of preferences, but oftentimes the use of this notion conflicts. Both proponents and opponents of referendums agree that these preferences diverge between citizens and representatives. Both opponents and proponents most often specify rather poorly the mechanisms that lead to these divergences. The mechanisms they have in mind differ, however, consistently. Proponents of referendums make the case that the voters' representatives develop different preferences as soon as they are elected. They become more interested in staying in office and extending their powers. Consequently, referendums provide a useful check on politicians to insure that the will of the citizens is respected. Opponents of referendums, as discussed above, suggest that the voters' preferences as they transpire in vote choices only reflect their partial knowledge of the alternatives at hand. If it were possible to turn every citizen into a policy specialist, the preferences of citizens and representatives would be completely aligned. Since opponents of referendums argue that citizens cannot all become policy specialists, preferences revealed in referendums and the preferences of representatives are likely to diverge.

A related argument revolves around the possibility of bargaining. Baurmann and Kliemt (1993), for instance, suggest that contrary to a participatory democracy, a representative democracy allows for bargaining to find solutions that are Pareto-improvements. Linking several issue areas bargains might be made which increase the welfare of all citizens. In the absence of such bargains in a parliament it might be the case that on each issue area the majority wins, but that over all issue areas a better (Pareto-superior) solution might be found.[20] At the level of a representative organ such bargains are probably easier to strike and to uphold than in a large-scale citizenry. Simply because the transaction costs involved are much smaller.[21]

A final note on the efficiency argument relates to the opponents' idea that referendums weaken representative government. While on the surface this seems like a convincing argument, beneath it the argument begins to unravel. First, it is

[20] Work by Brams et al. (1997) and Lacy and Niou (2000) indirectly address this issue by showing how votes over multiple issues may lead to counterintuitive results. They also provide empirical illustrations from votes in American states. See also Nurmi (1997, 1998).

[21] Gerber (1999) makes a similar point when arguing that deliberation can only occur in a representative body.

largely unclear what a weakened representative government means, and whether this is efficiency enhancing (what some economists would be happy to argue)[22] or decreasing (as probably a few scholars would argue). Probably the argument assumes that in a pure representative democracy parliament can act more independently and quicker than in a representative democracy with referendums. On the theoretical level, however, this argument has not yet been made in a convincing manner, and at the empirical level the case also still has to be made.[23]

2.3 Summary

From this very partial (in both senses of its meanings) overview of the debate on referendums three conclusions appears forcefully. First, the case for referendums must rest on the criterion of efficiency. In the absence of any clear empirical way to determine whether certain institutions lead to better citizens, the trust-argument for referendums remains theoretical. And at that level it has the same value as any another theoretical claim. Second, based on the criterion of efficiency the case for referendums is not yet made. At the empirical level, some research indicates that in two particular federal systems, referendums at the subnational level appear to have positive economic effects. Recent research on referendums also demonstrates, however, that often the decisions reached fail to reflect the will of the majority (e.g., Romer and Rosenthal 1978; Gruner and Hertig 1983; Brams et al. 1997; Lacy and Niou 2000).[24] Third, the efficiency of referendums cannot be assessed in the absence of clear distinctions between different forms of referendums and their interaction with the established representative system.[25]

3 A critical assessment of research

Students of referendums oftentimes become infatuated with their object of study. They see citizens becoming active and deciding on policy issues that are of

[22] In an interesting article in favor of proportional representation (PR) Lijphart (1994) argues that the supposedly weakening effect of PR might actually lead to economically beneficial effects. On a more curious level Frey (1996), citing Wittman's (1995) work as support of the efficiency enhancing effects of referendums, neglects completely the fact that the argument is made with respect to representative democracies.

[23] A few stylized examples often appear in this discussion, for instance the late introduction of women's suffrage in Switzerland (in 1971 at the national level) or the same country's timid involvement in foreign affairs (e.g., absence from UN, late membership of IMF and World Bank, etc.). Such stylized facts, however, hardly add up to a rigorous test of the argument.

[24] Interestingly Barber (1984) suggests in his manifest for a strong democracy the possibility for choices among different proposals. This increases, however, the possibilities of inconsistencies and cycles in decision-making.

[25] Mueller (1996) is probably one of the first scholars discussing these interactions in detail. His conclusions, however, still have to find their way into the general literature on referendums (and institutions in general).

immediate concern to them. Obviously this is a rather appealing picture, and seems much closer to what the term democracy originally meant. Too quickly they forget, however, that in the background a representative system continues to work with all its merits and faults. And exactly at this crucial juncture the research on referendums has failed so far. Scientifically we know very little about how referendums interact with the institutions of a representative democracy.

The reasons for this sorry state of research can be pinned down to a series of reasons. First, as sketched out above, the debate on the usefulness of referendums has largely avoided this crucial question. This is all the more surprising since early students of referendums were very much attuned to this important research question (Key and Crouch 1939).[26] Second, too often theoretical and empirical research focuses completely on political systems that have provisions for referendums. Obviously, under these circumstances it is impossible to assess the impact of referendums on representative democracy, since the relevant "control group," namely purely representative systems, are missing. Third, too often referendums are conceived as a uniform category of popular votes. There exists, however, considerable variation among different types of popular votes, each of which is likely to interact differently with a representative democracy. Failing to distinguish these effects is detrimental to any serious research effort. Finally, at the empirical level it is often difficult to disentangle these very same effects, for the simple reason that the different forms of referendums often appear in very few countries. For instance, at the beginning of the 1990s, Suksi (1993) found only six countries of a set of 161 with constitutional provisions that allow citizens to put forward a legislative or constitutional project. Of these six countries, five also have institutions that allow citizens to ask for a vote on measures adopted by parliament. Such a state of affair makes it very difficult to test empirically any theoretically derived hypothesis. Luckily enough, as mentioned above, recent institutional changes have changed this situation a bit.[27] Even with this improvement, however, it is still clear that precise theoretical models for studying the effect of different types of referendums are required.

On this point, unfortunately, research is rather mute. To my knowledge only few recent research efforts attempt to study the interactions between representative systems and referendums. The broadest attempt appears in Mueller's (1996) study on "constitutional democracy." In his discussion on referendums he clearly emphasizes that they have to be considered in their interaction with the representative part of the political system. Throughout his book he distinguishes, partly relying on Lijphart's (1994) distinction, between two-party and multiparty systems. These systems interact quite differently with the four forms of referendum that Mueller (1996, p. 179f) distinguishes: "1. The constitutionally mandated referendum…. 2. The government-initiated referendum…. 3. The citizen-iniated veto…. 4. The citizen initiative." His theoretical argument

[26] Gerber and Hug (2001) discuss this issue in more detail.

[27] Empirical research by Gilland Lutz and Hug (2006), Blume et al. (2007) and Hug and Spörri (2007) take advantage of these changes and find to some extend similar results as other scholars have found at the subnational level.

suggests that referendums on constitutional amendments adopted by a supra-majority might be useful to lend increased legitimacy to both types of representative system, while the case for government-initiated referendums is more mixed. In both systems such referendums lend themselves to abuses, which Mueller (1996) judges to be more important in two-party systems. Finally, the referendums initiated by citizens, according to Mueller (1996, p. 190), "can function as a check on the government."

A related attempt is proposed by Hug and Tsebelis (2002). Building on Tsebelis's (2002) "veto player theory" these authors assess how different types of referendums strengthen or weaken certain actors in a representative democracy. This information can be used to predict whether policy outcomes should be more or less stable and whether a convergence to the voters' preferences is to be observed. While both Mueller's (1996) and Hug and Tsebelis's (2002) theoretical argument relies loosely on the public choice literature on referendums, Feldmann (1995) provides an explicit model of bargaining in a legislature. He studies this model under two assumptions. Under the first one the legislative outcome is the final policy. Under the second, citizens or an interest group might launch an initiative and challenge the adopted policy in the legislature. His results suggest that the possibility of direct legislation affects considerably the bargaining occurring in the legislature. More precisely, he finds that specialization of legislators decreases in a system that allows for citizen-initiated referendums. Since bargains struck in a committee of a legislature can easily become unstuck in a referendum, individual legislators have less incentives to invest in specialization.

This issue of specialization comes also to the fore when we consider referendums in a principal-agent framework. In a purely representative system in a such framework a chain of delegations from the voters to parliament, the government etc. exists (Strøm et al. 2003). As Strøm et al. (2003) (see especially Strøm 2003) nicely demonstrate, this chain of delegation is accompanied by a chain of accountability running in the opposite direction. In a purely representative system voters exert their right for accountability either at fixed intervals or in intervals decided by governments or parliaments in elections. Hence, the only political control that voters exert is the equivalent of a "police patrol" in the jargon of principal-agent work on bureaucracy (McCubbins et al. 1987). This "police patrol," with the voters at the steering-wheel is only on the roads, however, at fixed or endogenously determined intervals.[28]

Such a weak measure of accountability has its advantages and disadvantages.[29] Given that the "police patrols" in elections explicitly determine the composition, and thus the preferences of the voters' agent, agency-drift will occur only over time. Given that the next round of "police patrols" is years away, this might lead to

[28] Obviously, there are other accountability processes built into any purely representative system, but these other ones, like the courts or ombudsman-procedures, are also present in other systems.

[29] Similar reasonings appear also in Maskin and Tirole (2004).

considerable agency-drift. On the other hand, precisely because of this rather lengthy interval till the next election, the agents (i.e., parliaments, governments etc.) have strong incentives to become informed and specialize.[30]

Adding to such a purely representative system instruments of direct legislation that are not completely controlled by the agents leads to the creation of a set of "fire alarms" (McCubbins et al. 1987). More precisely, the actors entitled to trigger a referendum will act as "fire alarms" for agency-drift. While such institutions will obviously reduce agency-drift in the rather lengthy intervals between elections, they also have their disadvantages. First and foremost, increasing the possibilities of sanctioning the agents reduces obviously the latter's incentives to get informed and specialized.[31] Second, the agents will obviously have an incentive to collude with the actors being able to trigger a referendum, if possible, to avoid popular scrutiny.[32]

Related reasonings are offered by Hugh-Jones (2007) when analyzing formally the way in which policy learning and yardstick competition interact among sets of representative and direct democracies. His interesting conclusion, namely that for the overall welfare of the voters a system with only direct democracies is not optimal, hinges on the fact that in such system not sufficient policy experimentation, and thus no learning would occur. This occurs simply because if only direct democracies are present, all voters will have the same information and no representative is willing to make a policy experiment.

While these studies focus on the crucial interaction between a representative system and referendums, an important element still remains unaddressed, namely whether and why the preferences of citizens should be at odds with those of legislators. The assumption that they are at odds underlies most recent formal work on referendums (e.g., Steunenberg 1992; Gerber 1996; Matsusaka and McCarty 2001; Hug 2004; Kessler 2005). While intuitively this makes sense, the extent to which and the reason why these preferences differ is hardly addressed and studied at the theoretical level. Since proponents and opponents of referendums have different reasons for assuming differences in preferences, however, theoretical models should start focusing on the mechanisms that might explain them. Obviously models of the legislative process exist that address these issues (most recently Baron 1998), but so far they have not been linked with the process of referendums. A first innovative attempt appears in Besley and Coate (2001), who attempt exactly to explain why citizens might have diverging interests from those of their representative. The empirical referent, however, is still largely limited, and the need for more work is clearly visible.

[30] This was obviously the intent in all democratic systems with some sort of delegation, i.e., even in the Greek city-states (Manin 1997).

[31] Might this be an additional explanation for why the country with the most national referendums (i.e., Switzerland) also has a semi-professional parliament? The model proposed by Feldmann (1995) would partly support this contention.

[32] Both the model of Matsusaka and McCarty (2001) and Hug (2004) demonstrate at the theoretical level that such collusion might occur.

Consequently, the research effort should focus increasingly on linking models of the legislative process with models of the referendum process.[33] In linking these models careful attention has to be paid to the various forms of referendums. Mandatory referendums on constitutional questions are likely to have considerably different impacts on the legislative process than citizen-initiated referendums.[34]

4 Conclusion

The lopsided debate about the usefulness of referendums has had two detrimental effects. First, it has led the discussion to a dead-end, and second, it has led research on referendums to neglect the fundamental questions that should be addressed. Both effects are detrimental especially in the present day where questions of institutional design have come to the forefront. A series of newly democratized countries engaged in efforts to rewrite their constitutions and look for institutions that might fit their needs. When reading the literature on referendums these constitutional framers would have come to a rather disheartening conclusion. Even when starting from similar premises (e.g. diverging preferences between citizens and the representative government) proponents and opponents of referendums arrive at completely opposing conclusions. Similarly empirical research has rather consistently failed so far to address the crucial question whether a pure representative democracy is preferable (on whatever grounds) to a representative democracy combined with referendums.

It can hardly surprise then that the experiences by the newly democratized countries (e.g., in Eastern Europe and Latin America) with referendums are rather mixed. Some have adopted successfully their new constitutions in referendums with considerable popular participation. In other cases constitutional changes were forced down the throats of the citizens in hardly pleasing to watch expressions of the will of the people. While it might be that the involved politicians actively sought these referendums with their positive and negative aspects, it is as plausible that the consequences of their choices were largely unintended.

This suggests, as I highlighted in this paper, that the research effort in the field of referendums is in serious need of a reorientation. Such a reorientation would address more directly how different types of referendums interact with the prevalent forms of representative democracy. Studying this interaction both at the theoretical and empirical level might also lift the current debate about referendums from its muddy level. With the help of new theoretical and empirical insights, proposals for extending or curtailing the use of referendums would gain in credibility and could

[33] Feldmann's (1995) work is a first attempt in this direction, but he has to derive the legislature's preference from a reduced form model. Consequently, the mechanisms that determine the preferences of the legislators are not addressed directly.

[34] Mueller (1996) addresses this question directly, but his discussion of the differences in preferences among legislature and citizens is rather superficial. He mainly distinguishes two-party from multiparty systems, where the former leads to governments representing the majority of the citizens, while in the latter coalition bargaining is assumed to lead to diverging preferences. The question of legislative specialization and bargaining is not addressed at all in this context.

be based on sounder foundations. As a positive side-effect the discipline might give some helpful advice to designers of new institution. This advice might well be provisional and tentative, but at least it would rely on a debate that shares some common ground.

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